

SUPPLY MANAGEMENT

Meeting demand, managing supply

Supply management is a uniquely Canadian system where farmers work together to match what they produce (**supply**) to what consumers want (**demand**), helping prevent oversupply and waste. This helps keep prices stable and predictable for consumers, and ensures Canadians have a steady supply of fresh, local products.

Canada's egg, poultry (chicken and turkey) and dairy farmers operate under supply management.



HOW DOES IT WORK?

Supply management is based on three pillars:²

Production planning

Canadian dairy, poultry and egg farmers must have a permit or license called **quota** that specifies the amount they can produce each year. Farmers require this permit to sell their product to a processing or grading plant where the food is then prepared for consumers. Quotas are set to match how much Canadians consume over a period of time.

Producer prices

Each commodity group (eggs, dairy, chicken and turkey) negotiates a minimum price they will receive when their products leave the farm, based on the cost of production.

Import control

Import controls are essential in maintaining the stability of the food supply in Canada. Through trade agreements with other countries, Canada allows imports of food products by setting **tariff-rate quotas**. These allow a specific volume to enter Canada with little or no **tariffs** (taxes), but applies higher tariffs to volumes exceeding the specified quantity. This helps prevent foreign goods from flooding the Canadian market.³



Eggs



Dairy



Chicken



Turkey



Milking

How did it come about?

The supply management system was developed in the 1960s in response to farmers' need for stable income, as they were often earning less than what it cost to produce the food. This led to Canadian farmers requesting the development of provincial marketing boards to manage how food is produced and sold.¹

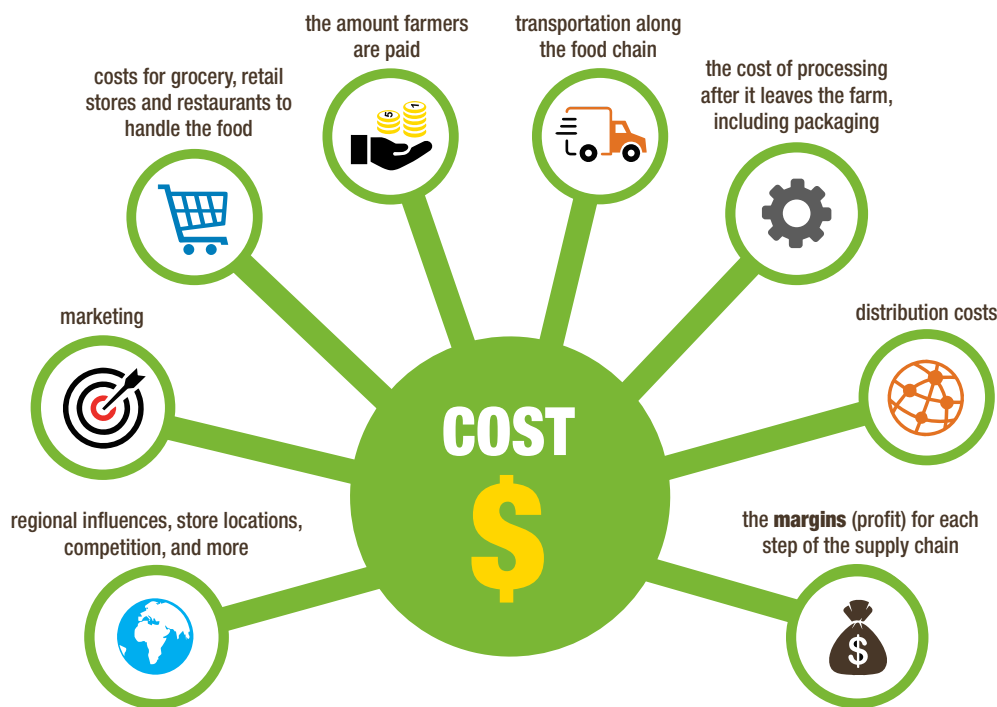


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How much does Supply Management influence the cost of your food?

Supply management ensures farmers receive a fair return for what they produce, but it accounts for only a small percentage of the retail price.

Grocers, retailers and restaurants set their own prices, which represent all the costs necessary to get the food to your table, including*:



The same cuts of chicken bought at different stores, in the same city, on the same day, vary dramatically. On December 15, 2016, Chicken Farmers of Canada found the identical brand of boneless skinless chicken breasts at 21 stores in Ottawa ranged from \$11.50 to \$26.43 per kg. While the retail price varied by more than 100%, the farmer was paid the same \$1.56 per kg.⁵



FROM THE FARM TO YOUR PLATE

Here are the steps involved in the food supply chain:



Farmers

Farmers are where food production starts. Supply management regulations set out consistent rules farmers must follow related to how their food is produced, along with strict animal welfare and food safety standards.

Processors

Processors or graders purchase food from farmers and prepare it to be sold. Under the Safe Food for Canadians Act any business that manufactures, processes, treats, preserves, grades, packages or labels food that will be sold interprovincially is required to have a license. In Canada, all dairy, eggs and poultry products must be processed or graded and inspected to be sold in grocery stores.⁶

Distributors

Distributors and wholesalers – These companies buy food in bulk, then sell it in smaller quantities to retailers. They are the link between food processors and grocery stores.

Retail

Retail and the food services industry – Restaurants, schools and hospitals make up this section of the supply chain that delivers products to the consumer. These businesses require inspection to ensure safe food handling protocols are being followed.

Consumer

Consumer – Thanks to our national food system and intensive safety protocols, Canadian consumers can confidently choose from a wide variety of safe, quality food products at reasonable prices.

